



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF ACCOUNTING AND FINANCE

EXAMINATION PAPER

COURSE CODE : CAC112
COURSE TITLE : FINANCIAL ACCOUNTING 1A
SPECIFIC REQUIREMENTS : NONE
DURATION : 3 Hours
LEVEL : 1.1
DATE :

27 JUN 2022

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer **all** questions in **Section A and Section B**.
3. Begin each question on a new page for Section B only.
4. The number of marks for each question or part question is shown in brackets []

SECTION A: ANSWER ALL QUESTIONS (Each question carries 2marks)

Select the most appropriate answer

1. An invoice sent to a customer is recorded in:

- A. The sales day book
- B. The purchases day book
- C. The sales returns day book
- D. The purchases returns day book

2. Which of the following is a liability?

- A. Machinery
- B. Creditors for goods
- C. Motor Vehicles
- D. Cash at Bank

3. Which of the following is incorrect?

Assets	Liabilities	Capital
\$	\$	\$
A. 7,850	1,250	6,600
B. 8,200	2,800	5,400
C. 9,550	1,150	8,200
D. 6,540	1,120	5,420

4. Which of the following are incorrect?

	Account debited	Account credited
(i) Goods sold for cash	Cash	Sales
(ii) Goods bought on credit from T Carter	Purchases	T Carter
(iii) Goods returned by us to C Barry	C Barry	Returns outwards
(iv) Van bought for cash	Purchases	Cash

- A. and (iii) only
- B. (iii) only
- C. (ii) and (iv) only
- D. (iv) only

5. The descending order in which current assets should be shown in the statement of financial position is:

- A. Inventory, Receivables, Bank, Cash
- B. Cash, Bank, Receivables, Inventory
- C. Receivables, Inventory, Bank, Cash
- D. Inventory, Receivables, Cash, Bank.

6. Which of these best describes non-current assets?

- A. Are bought to be used in the business
- B. Are items which will not wear out quickly.
- C. Are expensive items bought for the business
- D. Are of long life and are not bought specifically for resale.

7. A debit balance of \$100 in a cash account shows that
- There was \$100 cash in hand
 - Cash has been overspent by \$100
 - \$100 was the total of cash paid out
 - The total of cash received was less than \$100.
8. A business has opening payables (1.7.2020) \$5,000, closing payables (30.6.2021) \$7,000, cash purchases \$1,500, cash payments to credit suppliers \$28,000.
Calculate the total purchases figure for inclusion in the trading account.
- \$27,500
 - \$31,500
 - \$29,500
 - \$30,000
9. The assets and liabilities of a social club were (at 31.12.2021) equipment \$1,500, premises \$16,000, bar inventory \$1,300, bar payables \$1,100, managers wage owing \$250, subscriptions in arrears \$500, prepaid subscriptions \$350, cash \$1,900.
The accumulated fund is:
- \$21,200
 - \$19,650
 - \$19,500
 - \$200,000
10. The production cost of finished goods is?
- Prime cost plus production overheads plus opening WIP less closing WIP
 - Prime cost plus production overheads
 - Prime cost plus opening WIP less closing WIP
 - Prime cost plus opening inventory of materials less closing inventory of materials plus production overheads

[Total 20marks]

SECTION B: ANSWER ALL QUESTIONS. (Begin each question on a new page.)

Question 1

The following financial data was extracted from the books of Francis Shonhayi for the month of July 2021:

2021 July

- 1 Credit purchases from: K Chikomo \$380; M Mapeza \$500; N Mukuru \$106.
- 3 Credit sales to: E Rori \$510; E Firipi \$246; F Thaera \$356.
- 5 Credit purchases from: R Mhlanga \$200; J Kubika \$180; D Ega \$410; C Dakarai \$66.
- 8 Credit sales to: A Mushava \$307; H Garikai \$250; J Kufema \$185.
- 12 Returns outwards to: M Mapeza \$30; N Mukuru \$16.
- 14 Returns inwards from: E Firipi \$18; F Thaera \$22.
- 20 Credit sales to: E Firipi \$188; F Patai \$310; E Langa \$420.
- 24 Credit purchases from: C Kufema \$550; K Edzai \$900.
- 31 Returns inwards from: E Firipi \$27; E Rori \$30.

31 Returns outwards to: J Kubika \$13; C Dakarai \$11.

Required:

- a) Enter up the Sales, Purchases, Returns inwards and Returns outwards daybooks [13]
- b) Post the relevant transactions to the Receivables (Sales), Payables (purchases) and General ledger. [17]

[Total 30marks]

Question 2

The following trial balance has been extracted from the ledger of Madzimai "Dee", a sole trader. Trial Balance as at 31 May 2020

Trial Balance as at 31 May 2020		
	Dr	Cr
	\$	\$
		138,078
Sales	82,350	
Purchases	5,144	
Carriage	7,800	
Drawings	6,622	
Rent, rates and insurance	3,001	
Postage and stationery	1,330	
Advertising	26,420	
Salaries and wages	877	
Bad debts		130
Provision for doubtful debts	12,120	
Trade receivables		6,471
Trade payables	177	
Cash in hand	1,002	
Cash at bank	11,927	
Inventory as at 1 June 2019	58,000	
Equipment at cost		19,000
accumulated depreciation		53,091
Capital	216,770	216,770

The following additional information as at 31 May 2020 is available:

- (i) Rent is accrued by £210.
- (ii) Rates have been prepaid by £880.
- (iii) \$2,211 of carriage represents carriage inwards on purchases.
- (iv) Equipment is to be depreciated at 15% per annum using the straight line method.
- (v) The provision for doubtful debts to be increased by \$40.
- (vi) Stock at the close of business has been valued at \$13,551.

Required:

Prepare the income statement for the year ended 31 May 2020 and a Statement of financial position as at that date. [25marks]

Question 3

The following is a summary of Mukaradi's bank account for the year ended 31 December 2021:

	\$		\$
Balance 1.1.2021	4,100	Payments to suppliers for goods	67,360
Receipts from receivables	91,190	Rent	3,950
Balance 31.12.2021	6,300	Insurance	1,470
		Sundry expenses	610
		Drawings	28,200
	-----		-----
	101,590		101,590
	=====		=====

All of the business takings have been paid into the bank with the exception of \$17,400. Out of this, Mukaradhi has paid wages of \$11,260, drawings of \$1,200 and purchase of goods \$4,940.

The following additional information is also available:

	31.12.2020	31.12.2021
	\$	\$
Inventory	10,800	12,200
Payables for goods	12,700	14,100
Receivables for goods	21,200	19,800
Insurance prepaid	420	440
Rent owing	390	-
Fixtures at valuation	1,800	1,600

Required:

- a) Draw the Receivables Control Account [4]
- b) Draw the Payables Control Account [4]
- c) Prepare the income statement for the year ended 31 December 2021 and the statement of financial position as at that date. [17]

[Total 25marks]

END OF EXAMINATION QUESTION PAPER